

REGISTRATION OF CHANGES TO DETAILS OF LEGAL ENTITIES

Under Sub-Section 9.2 of Law of the Republic of Azerbaijan on *State Registration of Legal Entities and State Register* (hereinafter, the “**Law on Registration and Register**”), changes made to the foundation documents and register information of a legal entity must be state-registered in 40 business days.

Register information includes the following details: full name, citizenship, and place of residence of each individual founder of a legal entity as well as the full name, citizenship, and place of residence of each representative of the entity (if the founder is an entity, the details of the entity’s name, legal address and registration are included).

Similarly, upon entering into the charter of a legal entity or the state register of details of the director’s identification card (passport) submitted upon the registration or thereafter and of the details of individual founders’ identification cards (passports) submitted upon the registration or thereafter, the details are considered register information and, should such details be amended, in accordance with the Law on Registration and Register, the amendments must be state-registered in 40 business days.

Otherwise, under the provisions of Section 405 of the Code of the Republic of Azerbaijan of Administrative Violations, for a failure to apply in the prescribed time period (40 business days) and manner to the relevant executive authority to register amendments made to foundation documents (principally, the charter) of legal entities and branch and representative offices in the Republic of Azerbaijan of legal entities of foreign states as well as subsequent changes to registered facts in relation to these entities, executives are fined in the amount of 1,000 to 2,000 Manats and legal entities are fined in the amount of 2,500 to 3,000 Manats (for a failure to report changes to the details of individual founders, the liability is imposed on the relevant entity/its representatives).

Pursuant to newly-introduced procedures, as of February 2016, departments of State Registration of Commercial Legal Entities under the Ministry of Taxes of the Republic of Azerbaijan can access the system maintained by the Ministry of Internal Affairs of the Republic of Azerbaijan containing personal details (identification cards and passports).

As we are aware, the registration departments are presently notifying and fining state-registered commercial entities/executives for a failure to timely report to relevant registration departments the changes made to personal details of individual founders and representatives.

To avoid these circumstances, a care should be taken to apply the following:

- (1) upon changes to the full name, citizenship, or place of residence of a director or individual founder, to report the changes to the relevant department of State Registration of Commercial Legal Entities in 40 business days; and
- (2) if the founders of a legal entity are individuals, not to enter into the charter of the legal entity the details of the identification cards/passports and restrict in the charter the details of individual founders to their full names. In this case, upon changes to the details not so entered, there will be no need to register the changes.

**PLEASE CONTACT US FOR ANY QUESTIONS AND FURTHER
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